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ABSTRACT

Recently, hospital services and the medical profession in general have become the focus of public dissatisfaction. This speech advocates the implementation of an aggressive public relations program, in order to restore credibility to the health services. Specifically, independent audits of hospital public relations networks and products are recommended; such audits should provide objective appraisal of opinions and attitudes toward the program and service, of the effectiveness of public relations activities, of future plans of action, and of budget (as related to program objectives). In addition, other types of management research are described, and advice is given for continuous monitoring of public relations programs and their effects. (KS)

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AUDITS AND RELATING TO

OBJECTIVES IN PUBLIC RELATIONS

MAY 18, 1977

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AUDITS AND RELATING TO

OBJECTIVES IN PUBLIC RELATIONS

THANK YOU, DICK.

GOOD AFTERNOON, LADIES AND GENTLEMEN, DR. KOTLER.

WHEN ROGER MONROE INVITED ME TO SPEAK ABOUT REPORTING AND AUDITING THE PUBLIC RELATIONS FUNCTION AND TO TOUCH UPON RELATING THE FUNCTION TO INSTITUTIONAL OBJECTIVES, I EMBARKED UPON SOME RESEARCH. DURING THE PAST MONTH, PRACTICALLY NOT ONE DAY HAS PASSED WITHOUT CHICAGO NEWS MEDIA CARRYING A SIZABLE STORY OR EDITORIAL ON HEALTH CARE... AND MANY OF THEM WERE NEGATIVE STORIES. MEDICAID FRAUD SCANDAL... PRESIDENT CARTER'S CALL FOR A NINE PERCENT CEILING ON HOSPITAL COSTS...PROLIFERATION OF DIAGNOSTIC TESTS AS A HEDGE AGAINST MALPRACTICE LIABILITY...SOARING INSURANCE PREMIUMS... DETERIORATION IN SERVICES IN MANY FINANCIALLY STRAPPED PUBLIC HOSPITAL SYSTEMS...CONGRESSIONAL HEARINGS ON UNNECESSARY SURGERY...HOSPITAL COSTS INFLATED AT MORE THAN TWICE THE RATE OF GENERAL INFLATION...EIGHT DIGIT LAW SUITS. THE CLIPPING

COLLECTION INCLUDES AN ITEM FROM A LOCAL NEWSPAPER'S ACTION LINE. IT CONCERNED THE PATIENT WHO COMPLAINED ABOUT THE LOSS OF A FIFTY DOLLAR WATCH WHICH HE CHECKED AT THE RECEIVING DESK UPON ADMISSION TO A HOSPITAL, BUT IT WAS MISSING AT DISCHARGE TIME.

THOSE STORIES IMPACT ON HOSPITALS IN CUMULATIVE AND DEVASTATING MANNERS. THEY ARE REINFORCED BY ALL OF THE HEALTH CARE ADVISORY COLUMNS, BROUGHT INTO THE HOME IN LIVING COLOR ON TV, DEBATED ON RADIO TALK SHOWS, GROUSED ABOUT IN BARS, AND WIND UP ON YOUR DESKS WITH THE PEREMPTORY CHARGE FROM A SUPERIOR: "DO SOMETHING ABOUT OUR PUBLIC RELATIONS!" (SILENCE) (60 SECONDS OF SILENCE) (CPR PRACTITIONERS)

WHAT YOU HAVE JUST EXPERIENCED IS SILENCE. ONE FULL MINUTE OF IT. PLEASE FORGIVE THE STRATEGEM, IT WAS DONE TO UNDERSCORE A POINT. THE HEALTH CARE FIELD IS BESEIGED. YOU ARE BEING COMMUNICATED AGAINST. I AM CONVINCED THAT NO OTHER FIELD HAS AS MANY COMPLEX PUBLIC RELATIONS PROBLEMS. IF YOUR INSTITUTIONS OR YOUR ASSOCIATIONS REMAIN SILENT IN THE FACE OF

THOSE NEGATIVE STORIES, IF FACTUAL INFORMATION IS NOT DEVELOPED TO AID UNDERSTANDING BY YOUR PUBLICS, IF CORRECTIVE ACTIONS ARE NOT PURPOSEFUL...IF THOSE CONDITIONS ARE NOT MET, THEN I BELIEVE YOU WILL FACE A CONSEQUENT DECLINE IN ATTITUDES AND SENTIMENT AMONG YOUR IMPORTANT PUBLICS. OPINION POLLSTERS, SUCH AS GALLUP, HARRIS, YANKELOVICH AND THOSE IN OUR OWN ORGANIZATION AT HILL & KNOWLTON, CAN TESTIFY TO THE EROSION OF PUBLIC CONFIDENCE IN SEVERAL SECTORS. AND STATISTICS SHOW HOW DIFFICULT IT IS TO REGAIN STATURE AND CREDIBILITY AFTER THOSE ELEMENTS BEGIN TO DETERIORATE.

JUST YESTERDAY, WBBM RADIO NEWS IN CHICAGO BROKE THE RESULTS OF THE LATEST LOU HARRIS SURVEY AMONG 1500 CONSUMERS. THE ASSOCIATED PRESS STORY SAID THE CONSUMERS WERE ASKED: "WHAT INDUSTRIES SHOULD BE INVESTIGATED OR CHANGED?" HOSPITALS AND THE MEDICAL PROFESSION RANKED SECOND AND THIRD ON THE LIST. 44 PERCENT OF THE PEOPLE INTERVIEWED THOUGHT HOSPITALS SHOULD BE INVESTIGATED OR CHANGED, AND 42 PERCENT WANTED THE MEDICAL PROFESSION INVESTIGATED. YOU ARE BETTER OFF THAN THE FOOD INDUSTRY, WHICH RANKED NUMBER ONE WITH 45 PERCENT. THAT'S ONLY ONE PERCENTAGE POINT HIGHER THAN HOSPITALS. HOWEVER, YOU ARE WORSE OFF THAN THE OIL INDUSTRY, WHICH 39 PERCENT OF THE CONSUMERS APPARENTLY MISTRUST. AUTOMOBILE MANUFACTURING WAS SELECTED BY 38 PERCENT OF THE CONSUMERS AS TARGETS FOR INVESTIGATION OR CHANGE.

DURING ITS 30 YEARS IN BUSINESS, OUR FIRM HAS SERVED SEVERAL PROFESSIONS, INCLUDING THE CHICAGO BAR ASSOCIATION, AMERICAN BAR ASSOCIATION, THE ILLINOIS SOCIETY OF CPA'S, NINE HOSPITAL AND MEDICAL-RELATED GROUPS OR COMPANIES. SURVEYS

OFTEN SHOW THAT MOST PROFESSIONS ARE MISUNDERSTOOD BY THIER PUBLICS, AND THE PROFESSIONS ARE GENERALLY DISSATISFIED WITH THEIR PUBLIC IMAGE. MORE SURVEYS IN-DEPTH WOULD BE REQUIRED TO FIND OUT WHY PEOPLE FEEL THE WAY THEY DO ABOUT HOSPITALS AND THE MEDICAL PROFESSION. ONE INDICATION IS CERTAINLY IN THE HEADLINES I READ TO YOU. THIS IS NOT TO DISMISS THE SERIOUSNESS OF THE SENTIMENTS EXPRESSED IN THE HARRIS SURVEY. PEOPLE GENERALLY DON'T DEMAND INVESTIGATIONS UNLESS THEY THINK THEY ARE BEING VICTIMIZED OR NOT RECEIVING VALUE.

CREDIBILITY OF BUSINESS AND INSTITUTIONS IS BEING QUESTIONED FROM ALL POINTS. ADVERTISING IS UNDERGOING A SEVERE CHALLENGE THAT IT IS GLIB, AND SHORT OF THE TRUTH. STOCKHOLDER MEETINGS ARE FRAUGHT WITH LOUD DISSENT. UNIVERSITIES HAVE BEEN UNDER SEIGE IN RECENT TIMES. EVEN CHURCHES ARE NOT FREE FROM CLAMOR AND COMPLAINT. LEADERSHIP BY EDICT OR BY PATERNALISM ARE NO LONGER ACCEPTABLE. UNDER THOSE CONDITIONS, I BELIEVE, GENERALLY, THE ERROR IS ON THE SIDE OF WITHHOLDING RATHER THAN REVEALING INFORMATION.

WE ARE FREQUENTLY CONFRONTED WITH WHAT TO HOLD PRIVY AND WHAT TO RELEASE. TO BE SUCCESSFUL, A PUBLIC RELATIONS PROGRAM SHOULD BE FORTHRIGHT. WHEN AN ERROR IS MADE, IT SHOULD BE ADMITTED AS AN ERROR AND NOT LABELED AS A STRATEGIC WITHDRAWAL. IF AN INSTITUTION MAKES AN HONEST ERROR, THE PUBLIC WILL ACCEPT IT--UNLESS IT IS THE THIRD TIME AROUND FOR THE SAME ERROR. (SEE ASIDE)

IT IS WHEN LEADERS PUBLICLY ATTEMPT TO COVER UP OR EXPLAIN AWAY ERRORS AS NOT BEING MISTAKES AT ALL, THAT THE LEADERS LOSE BELIEVEABILITY. THIS EXPOSES THEM TO CROSSFIRE FROM DISSENTING GROUPS WHO USE THE DISCLOSURE OF A BAD DECISION AS A WEAPON FOR ATTACK.

INSTEAD OF LISTENING TO DISSENT AND MAKING USE OF CONFRONTATIONS TO EXPLAIN AND EDUCATE, THE TENDENCY IS TO GRAB ROBERT'S RULES OF ORDER AND SHUT OFF DEBATE. A FAILURE TO LISTEN IS ONE OF THE SUREST WAYS TO TROUBLE.

SOME OF THOSE IDEAS ARE FOUND IN THE BOOK BY GEORGE S. SWOPE, "DISSENT--THE DYNAMIC OF DEMOCRACY." I RECOMMEND IT TO YOU. MUCH OF MY FOREGOING COMMENTARY WAS EMPLOYED TO EMPHASIZE THE

IT IS AWKWARD IF YOUR PUBLICS BELIEVE THEY SEE A LIGHT AT THE END OF THE TUNNEL, AND THE LIGHT TURNS OUT TO BE A LOCOMOTIVE THUNDERING DOWN ON THEM.

NATURE OF OUR CURRENT COMMUNICATIONS MILIEU. TOO OFTEN, WE TEND TO BELIEVE THAT COMMUNICATIONS CONVEY OR IMPART UNDERSTANDING. UNFORTUNATELY, UNDERSTANDING DOESN'T ALWAYS RESULT FROM MEMOS, LETTERS, NEWS RELEASES OR BROCHURES. WE ALL READ WITH DIFFERENT EYES AND MAKE DIFFERENT INTERPRETATIONS BASED ON DIFFERENT EXPERIENCE LEVELS OR VANTAGE POINTS. REPORTS OF CONVERSATIONS BECOME GARBLED. VALUE JUDGMENTS SKEW MEANING. THERE ARE NO SIMPLISTIC ANSWERS. BUT THERE ARE SEVERAL VALUABLE TOOLS IN COMMUNICATIONS THAT WE CAN EMPLOY. LET'S TURN TO SOME OF THEM.

LAST DECEMBER, IN A BRIEF TALK BEFORE THE CHICAGO HOSPITAL COUNCIL PUBLIC RELATIONS SOCIETY, I CIRCULATED A FIVE QUESTION SURVEY FORM AMONG THE AUDIENCE. IT CONCERNED REPORTING MODES OF THOSE IN ATTENDANCE. THE SURVEY'S RESPONDENTS GAVE SOME INTERESTING ANSWERS. IT MUST BE UNDERSTOOD THAT THIS GROUP HAD DIVERSE TITLES, FUNCTIONS AND AUTHORITY LEVELS, BUT NONETHELESS (PESENT AUDIENCE) (BARBS-ARROWS-SHAFTS
THEY WERE RESPONSIBLE FOR SOME ELEMENT OF PUBLIC RELATIONS./

QUESTION NUMBER ONE WAS: "TO WHOM DO YOU REPORT?" 47 PERCENT

REPORTED TO THE CHIEF HOSPITAL ADMINISTRATOR AND/OR OTHER PERSONS, FIVE PERCENT TO THE BOARD OF TRUSTEES OR DIRECTORS, AND 47 PERCENT REPORTED TO A VARIETY OF TITLES, INCLUDING PRESIDENT, VICE PRESIDENT FOR DEVELOPMENT, EXECUTIVE VICE PRESIDENT, AND SO ON./ SOME OF THESE FIGURES WILL NOT ADD TO 100 PERCENT./ WHAT INTRIGUED ME WAS THAT 21 PERCENT REPORTED TO THE CHIEF HOSPITAL ADMINISTRATOR OR OTHER PERSONS. STRAIGHT LINE REPORTING IS NOT ALWAYS EASY TO ARRANGE, BUT IT IS A GOOD BIT SIMPLER THAN FRAGMENTED REPORTING. WHO IS REALLY IN CHARGE OF THE PUBLIC RELATIONS FUNCTION IF THE ALLEGIANCES, ACCOUNTABILITY AND REPORTING ARE SPLIT? I KNOW OF A FEW INSTANCES WHERE THE STAFF MEMBERS IN A HOSPITAL PUBLIC RELATIONS FUNCTION REPORT TO THE CENTRAL OFFICE OF A MULTI-HOSPITAL ORGANIZATION. TO WHOM DO THEY BELONG? THE STRONGEST MANAGER? THE LOCAL HOSPITAL? WHO IS RESPONSIBLE FOR THE BUDGET AND ACTIVITIES? I'LL BET THE ANSWERS WOULD VARY, DEPENDING UPON THE ORIENTATION OF THE PERSON WE ASKED.

THE SECOND QUESTION HAD TWO PARTS--WHAT FORMS DO REPORTS

HAVE AND WHAT IS THEIR FREQUENCY? /ORAL REPORTS RANKED 90 PERCENT, WITH WEEKLY THE TOP FREQUENCY AT 21 PERCENT, FOLLOWED BY DAILY ORAL REPORTS AT 12 PERCENT. /THE QUESTIONNAIRE ASKED FOR INFORMATION ABOUT WRITTEN REPORTS, AND 95 PERCENT OF THE RESPONDENTS USED THEM. MEMOS ACCOUNTED FOR A 79 PERCENT USE RATE, MOSTLY ON AN AS NEEDED OR WEEKLY BASIS. /SIXTY-EIGHT PERCENT INDICATED FORMAL REPORTS WERE FILED, GENERALLY MONTHLY BY 23 PERCENT, AND AS REQUIRED BY 15 PERCENT. /REPORTS WITH EXHIBITS ARE FAVORED BY 66 PERCENT, AND 58 PERCENT ATTACHED NEWS RELEASES, 66 PERCENT APPENDED CLIPPINGS, 58 PERCENT DOCUMENTED EFFORT WITH PRINTED MATERIALS, AND NOT ONE PERSON EXHIBITED AUDIO OR VIDEO TAPES.

WHILE THE RESPONSES AND UNIVERSE OF THIS SAMPLE MAY NOT BE TYPICAL OF ALL HOSPITAL PUBLIC RELATIONS PRACTITIONERS, I FIND IT AMAZING THAT WHILE THE PRESS, RADIO AND TV ARE LAMBASTING HEALTH CARE, THERE IS NOT MORE DOCUMENTATION WITH EXHIBITS TO DEMONSTRATE SOLID PRESS RELATIONS EFFORTS. I AM SURE THE RESULTS OF THOSE EFFORTS EXIST, WHY NOT REPORT THEM

GRAPHICALLY? IT HAS BEEN ESTIMATED THAT 80 TO 85 PERCENT OF WHAT WE RETAIN IN OUR MEMORIES WAS FIRST PRESENTED VISUALLY. THAT'S A POTENT SELLING TOOL TO BE OVERLOOKED. A MORE DEFINITIVE SURVEY, PERHAPS QUALITATIVE, SHOULD BE UNDERTAKEN IN THIS AREA.

RESPONSES TO THE THIRD QUESTION INDICATED THAT 16 PERCENT OF THE PEOPLE MAKE THEIR REPORTS IN CONJUNCTION WITH OTHER PEOPLE, BUT MOST REPORTS ARE MADE SEPARATELY TO SUPERIORS.

QUESTION NUMBER FOUR DEALT WITH OBJECTIVES/GOALS, PLANNING, PRIORITIES, PERFORMANCE REVIEW, BUDGET AND THE FREQUENCY OF OTHER REPORT TOPICS. WHILE 95 PERCENT REPORTED OBJECTIVES AND GOALS, THERE WERE TEN CATEGORIES FOR FREQUENCY--TEN MIND YOU--RANGING FROM 27 PERCENT ANNUALLY TO 16 PERCENT WEEKLY, WITH THE REST REPORTING OBJECTIVES ALL OVER THE CALENDAR. IN THE NEXT CATEGORY, PLANNING, 89 PERCENT REPORT THAT TASK, USUALLY WEEKLY, OR ANNUALLY, BUT AGAIN FULLY TEN REPORTING PERIODS WERE CITED--FROM OCCASIONALLY OR AS REQUIRED TO BI-MONTHLY AND EVEN DAILY.

THE NEXT CATEGORY, PRIORITIES, WAS EVEN MORE REVEALING. AT LEAST 63 PERCENT OF THE RESPONDENTS REPORT THEIR PRIORITIES, AND SEVERAL BELEAGURED SOULS, SOME 8 PERCENT, SAID THEY DO SO CONSTANTLY. A NEW SET OF PRIORITIES CONSTANTLY HAS TO BE A DRAG. CAN YOU IMAGINE THE CIRCUMSTANCE OF THE PUBLIC RELATIONS PRACTITIONER WHOSE PRIORITIES CHANGE DAILY OR WEEKLY? THAT'S MANAGEMENT BY DISASTER. TALK ABOUT CRISIS COMMUNICATIONS! PRIORITIES ARE USUALLY SET WEEKLY BY 25 PERCENT AND MONTHLY BY 16 PERCENT. OTHER REPORTING PERIODS RANKED A UNIFORM 8 PERCENT EACH./ PERFORMANCE REVIEWS WERE MARKED BY 58 PERCENT OF THE RESPONDENTS, WITH ANNUAL AND WEEKLY REVIEWS EACH ACCOUNTING FOR 27 PERCENT. WITHOUT OFFICIAL FEEDBACK, IT IS DIFFICULT TO DETERMINE THE MERIT OR CONTRIBUTION OF THE PUBLIC RELATIONS FUNCTION, AND I WILL TAKE UP SEVERAL MATTERS CONCERNING THIS LATER ON./ THE LAST CATEGORY, BUDGETS, WAS REPORTED ANNUALLY BY 50 PERCENT OF THE PRACTICTIONERS. IN THE CATCH-ALL 'OTHER' CATEGORY, 16 PERCENT OF THE RESPONDENTS SAID THEY REPORTED TWO-THIRDS ABOUT PROBLEMS AND ONE-THIRD ABOUT PROJECTS.

WHEN ASKED IF THEIR PUBLIC RELATIONS FUNCTION HAD EVER BEEN AUDITED, 84 PERCENT SAID NO, AND 16 PERCENT SAID YES. TO ME,

THAT 84 PERCENT IS A STARTLING STATISTIC, AND SO ARE MANY OF THE OTHER NUMBERS DIVULGED BY THESE RESPONSES.

IF THE RESULTS OF THIS SURVEY WERE CONSIDERED ONLY AS A PILOT TEST FOR A CLIENT, I PROBABLY WOULD IMMEDIATELY RECOMMEND A FOLLOW-UP WITH A LIMITED, OPEN-END SURVEY TO DETERMINE WHY REPORTING LEVELS ARE SPLIT, WHY EXHIBITS AREN'T USED MORE OFTEN IN REPORTS, WHY OBJECTIVES ARE REPORTED SO FREQUENTLY, WHY PLANNING REQUIRED NO SCHEDULED REPORT OR EVEN DAILY REPORTS, AND SO ON.

EACH RESPONSE INDICATES A WIDE VARIETY OF SITUATIONS THAT MANAGEMENT BY OBJECTIVES WOULD SEEM TO COVER. IN THE CLASSICAL MODE, MANAGEMENT BY OBJECTIVES IS GENERALLY CONSIDERED AN ANNUAL UNDERTAKING. OBJECTIVES ARE SET IN SEVERAL WAYS. TOP ECHELONS OF MANAGEMENT CAN REVIEW PERFORMANCE FACTORS FROM PREVIOUS YEARS, NOTE CHANGES, FACTOR IN ECONOMIC AND OTHER CONSIDERATIONS, HEAR CURRENT PLANS IN PERFORMANCE AND OPERATING AREAS, APPROVE BUDGETS WITH ALLOWABLE VARIANCES, AND SET FORTH THE OVERALL ORGANIZATION'S PLAN./ THE PLAN CAN DEVOLVE THROUGH THE ORGANIZATION IN SEVERAL

MANNERS. USUALLY, THE OBJECTIVE OF THE PARENT ORGANIZATION BECOMES A STRATEGY FOR A DIVISION, AND THE STRATEGY FOR A DIVISION BECOMES A TACTIC FOR ANOTHER OPERATING ELEMENT. EACH MANAGER HAS CONTRIBUTIONS TO MAKE IN THE MBO, AND PERFORMANCE IS RATED AGAINST A HOST OF FACTORS SUCH AS MEETING AGREED UPON GOALS, PRIORITIES, AND SO FORTH.

FROM THE FINDINGS OF THE SMALL SAMPLING IN THE CHICAGO SURVEY, I TEND TO THINK THAT MANAGEMENT BY EXCEPTION IS SOMEWHAT THE VOGUE IN THE CHICAGO HOSPITAL FIELD. THAT'S A GENERALIZED AND PERHAPS DANGEROUS ASSUMPTION--AND WOULD REQUIRE MORE SOLID VALIDATION, AS I INDICATED. MANAGEMENT BY EXCEPTION IS SIMPLY RUNNING TO THE RED FLAG SITUATIONS THAT CROP UP IN ANY ORGANIZATION. IT CAN CONSIST OF A SERIES OF FIRE CALLS, ESPECIALLY IN A PERSONAL SERVICE BUSINESS. THE ASSUMPTION IS THAT THE REST OF THE OPERATION IS RUNNING SMOOTHLY AND MANAGERS HAVE TIME TO EXTINGUISH THE FLAMES. WELL, IF FLAMES BREAK OUT AND DEVELOP INTO A CHICAGO FIRE, SOME EXCEPTION. I KNOW SEVERAL PUBLIC RELATIONS PRACTITIONERS WHOSE LIVES ARE A SERIES OF FIRE

CALLS, ADRENAL GLANDS ARE ALWAYS PUMPING FOR THE NEWEST EMERGENCY. WITH MBO, THEY COULD MOVE TOWARD A GOAL, SOLVE THE PROBLEMS THAT IMPEDE PROGRESS AND PERHAPS ALONG THE WAY, PLAN A FIRE PREVENTION PROGRAM AS PART OF HIS OR HER MBO.

THERE ARE SEVERAL OTHER MANAGEMENT PRACTICES AROUND. ONE IS MANAGEMENT BY PARTICIPATION. ANOTHER IS MBI, A SLIGHT VARIATION, MANAGEMENT BY INVOLVEMENT. I PREFER OBJECTIVES AND INVOLVEMENT. MBO PROCEDURES STRESS GOAL SETTING AND PLANNING, ALLOW FOR STAFFING AGAINST GOALS, AND GENERALLY CAN BE QUANTIFIED AND QUALIFIED.

IN OUR RELATIONSHIPS WITH NEW CLIENTS, WE EMPHASIZE OBJECTIVES. ALL OF US RECOGNIZE THAT PUBLIC RELATIONS IS NOT A MECHANISTIC PRACTICE. WE DON'T PUSH BUTTONS AND GET A FINISHED PRODUCT. ALL OF US NEED TO KNOW THE OBJECTIVES OF AN ORGANIZATION, PROGRAM OR PROJECT BEFORE WE CAN CORRECTLY INTERPRET THAT ENTITY OR FUNCTION./ SOMETIMES AN AUDIT IS INDICATED. GENERALLY, ANY ONE OF SEVERAL CONDITIONS EXIST IF AN AUDIT IS TO BE CONDUCTED. THE MANAGEMENT, PERHAPS NEW, WANTS CHANGE...AN

ORGANIZATION MAY HAVE NO VISIBLE PUBLIC RELATIONS STAFF OR PROGRAM, WHICH IS SOMEWHAT UNLIKELY...OR THERE MAY BE A DESIRE TO AUDIT COMMUNICATIONS WITH IMPORTANT PUBLICS TO DETERMINE IF COST/EFFECTIVE PRACTICES ARE USED...OR THERE COULD BE A MIXTURE OF REASONS AND MOTIVATIONS SUCH AS NEW PRODUCTS, NEW SERVICES OR PROGRAMS THAT CALL FOR LIMITED AUDITS WITH SPECIFIC PUBLICS TO BRING TO LIGHT STRENGTHS OR WEAKNESSES.

A MAJOR DIFFERENCE BETWEEN AN AUDIT BY A CERTIFIED OR INDEPENDENT PUBLIC ACCOUNTING FIRM AND A PUBLIC RELATIONS COUNSEL MAY LIE IN AGREEMENT ON PRINCIPLES, PROGRAMS, OR PROJECTS SUGGESTED BY THE AUDIT. THERE IS NO EQUIVALENT OF THE FINANCIAL ACCOUNTING STANDARDS BOARD IN PUBLIC RELATIONS.

BY DEFINITION, AN AUDIT IS VERIFICATION OF WHAT EXISTS--EITHER PATENTLY OR LATENTLY, VERTICALLY OR HORIZONTALLY, ISOLATED OR PANDEMIC, GOOD OR BAD. AN AUDIT IN PUBLIC RELATIONS INVOLVES OBJECTIVE APPRAISAL BY A PUBLIC RELATIONS PROFESSIONAL IN SEVERAL AREAS: 1) OPINIONS AND ATTITUDES, 2) EFFECTIVENESS OF PUBLIC RELATIONS TO DATE, 3) FUTURE PLAN OF ACTION WITH

A TIMETABLE AND PRIORITIES, AND 4) A RECOMMENDED BUDGET RELATED TO OBJECTIVES.

WE'RE SURPRIZED THAT MORE ORGANIZATIONS DON'T REQUEST AUDITS. THE BENEFITS ARE MANIFOLD. AMONG THE ADVANTAGES: THE AUDIT IS OBJECTIVE, GENERALLY DONE BY AN OUTSIDER WHO IS INDEPENDENT OF THE POLICIES AND PRACTICES OF THE INSTITUTION. I HAVE BEEN ASKED IF AN ORGANIZATION COULD CONDUCT ITS OWN AUDIT. THE ANSWER IS YES, BUT THE FINDINGS MAY NOT CARRY THE WEIGHT OF AN OUTSIDER'S OPINIONS. YOU NEED OBJECTIVITY AND PERSPECTIVE, ESPECIALLY IN PROBLEM IDENTIFICATION. ANOTHER ADVANTAGE IS AUTHORITATIVENESS. THE EXAMINATION AND REVIEW SHOULD INVOLVE THE TOP MANAGEMENT OF THE ORGANIZATION BEING AUDITED, AND IT SHOULD BE CONDUCTED WITHOUT GRINDING OF SELECTIVE AXES, OTHERWISE THE INTEGRITY OF THE RECOMMENDED CHANGES COULD BE QUESTIONED OR EVEN COMPROMISED.

THE NEXT BENEFIT INVOLVES RESULTS OF THE AUDIT. THE COMPLETED REPORT SHOULD CALL FOR ACTION WITH A BLUEPRINT OF WHAT IS TO BE DONE. IT CERTAINLY SHOULD RELATE THE PROGRAM TO VERIFIABLE ATTITUDES AND OPINIONS, AND FINALLY, RELATE THE

BUDGET TO OBJECTIVES. AND, BY THE WAY, THIS NORMALLY IS DONE WITHOUT AN OBLIGATION TO RETAIN THE PUBLIC RELATIONS FIRM. OTHER POSSIBLE BENEFITS MIGHT BE THAT YOU COULD LEARN MORE ABOUT YOUR ORGANIZATION AND ITS PUBLICS. IT COULD GIVE YOU MORE VISIBILITY WITH TOP MANAGEMENT, AND IT COULD HELP IN YOUR PRICING OF SERVICES./ AS I HAVE INDICATED, WE TRY TO SET PROGRAM OBJECTIVES DURING THE FIRST STAGE OF OUR RELATIONSHIP WITH A NEW CLIENT. THE FIRST PART OF OUR AUDIT COVERS INTERVIEWS WITH EXECUTIVES, KEY STAFF MEMBERS, DIVISIONAL OR DEPARTMENT HEADS, THE ACCOUNTING FIRM, LEGAL COUNSEL, ADVERTISING AGENCY, OTHER PERSONS SUCH AS ASSOCIATION DIRECTORS, AND OTHER SALIENT PUBLICS--POSSIBLY NEWS MEDIA REPRESENTATIVES. WE GATHER ALL SIGNIFICANT DOCUMENTS AND LITERATURE. WE WANT TO KNOW THE EXPECTATIONS FOR PUBLIC RELATIONS. WE USE A SEVEN PAGE CHECKLIST WHICH IS PARTICULARLIZED FOR EACH CLIENT. BROADLY, IT COVERS OUR RESEARCH PROGRAM TO OBTAIN BASIC BACKGROUND INFORMATION AND MATERIALS TO HELP US IN EVALUATING THE CLIENT'S NEEDS. AMONG THE AREAS LISTED ARE THE FOLLOWING:

ALL NEWS RELEASES FOR THE PAST TWO YEARS

CLIPPINGS AND CORRESPONDENCE (PATIENT) (CONTENT ANALYSIS)

RESEARCH REPORTS AND ATTITUDE STUDIES

REPORTS, PAMPHLETS AND BROCHURES

NEWSLETTERS, EMPLOYEE PUBLICATIONS, EXTERNAL PUBLICATIONS

A SET OF THE ORGANIZATION'S OBJECTIVES

PUBLIC RELATIONS OBJECTIVES, POLICIES AND PROCEDURES

ORGANIZATION CHARTS AND DIRECTORIES, OFFICERS' BIOGRAPHIES

MEMBERSHIPS OR CONTRIBUTIONS POLICY

PRODUCT OR SERVICE INFORMATION FROM THE PAST TWO YEARS

A LIST OF INTERNAL OR EXTERNAL PUBLIC RELATIONS PROGRAMS

BUDGETS, STAFFING ROSTERS, JOB DESCRIPTIONS

TOURS OF KEY FACILITIES (NEIGHBORHOOD, PARKING LOT, RECEPTIONIST)

(PR HELP DEVELOP EMPLOYEE INDOCTRINATION PROGRAM?)

AS A NEXT STEP, WE OBTAIN AND REVIEW TRADE AND NEWS MEDIA LISTS, PRESS PROCEDURES, AND EQUIPMENT AVAILABILITY SUCH AS TWX, TELECOPIER, TELEX, AND SO FORTH. (H & K LIBRARY COMPUTER LINK TO N.Y. TIMES)

WE MAY ASK ABOUT GOVERNMENTAL OR LEGISLATIVE ACTIVITIES. LAST YEAR, AN ESTIMATED 120,000 BILLS WERE INTRODUCED IN THE VARIOUS STATES OF THIS COUNTRY. OF THESE, 17,549 BECAME LAW. AT THE FEDERAL LEVEL, 7,268 BILLS WERE PROPOSED AND 700 WERE ENACTED. CERTAINLY MANY OF THOSE BILLS IMPINGED ON ACTIVITIES IN PUBLIC RELATIONS IN SOME FASHION. I TOOK A LOOK AT THE PROPOSAL FOR THE RESTRUCTURING OF THE HEALTH, EDUCATION AND WELFARE OPERATIONS LAST YEAR. THE COMPLEX CHARTS SHOWING RESPONSIBILITIES AND LINES OF AUTHORITY HAD THE APPEARANCE OF THE RIGGING OF A SIX-MASTED SCHOONER. ANYBODY CLAMBERING AMONG THOSE LINES HAD BETTER BE PRETTY AGILE. I'VE MENTIONED THE NUMBERS OF BILLS AND THE H.E.W. STRUCTURE TO UNDERSCORE THE NECESSITY FOR WORKING CLOSELY WITH GOVERNMENT TODAY. (CARTER-union-NHI in 1978) THERE OUGHT TO BE COMPANION CONCERNS ABOUT LOCAL GOVERNMENTS. THEY ARE ALL FACTORS IN THE HEALTH CARE DELIVERY SYSTEM. (SERVICE ROAD)

THE NEXT MAJOR STEP INVOLVES FURTHER INVESTIGATION, PERHAPS WITH SURVEYS. RESEARCH IS THE BASIC TOOL FOR FACT-GATHERING. IT IS THE SYSTEMATIC EFFORT AIMED AT DISCOVERING

OR CONFIRMING THROUGH OBJECTIVE INVESTIGATION THE FACTS OR OPINIONS PERTAINING TO A SPECIFIED PROBLEM OR PROBLEMS. OPINION AND ATTITUDE RESEARCH FORM THE ESSENTIAL FIRST STEP IN PUBLIC RELATIONS PLANNING. WITHOUT IT WE ARE OPERATING IN THE DARK OR IN A VACUUM--AND SCIENTISTS TELL ME THAT THERE IS PRESSURE ON THE OTHER SIDE OF EVERY VACUUM.

AN IDEAL SITUATION EXISTS WHEN WE CAN TALK WITH OUR TARGET PUBLICS FIRST, THEN BUILD PROGRAMS TO MEET THE NEEDS, INTERESTS AND CONCERNS OF THE PUBLICS. SOME CALL THIS ISSUE RESEARCH. I WOULD DOUBT THAT MANY OF YOUR HOSPITALS WOULD MAKE ANY SIGNIFICANT MOVES IN HEALTH CARE WITHOUT INVESTIGATIONS, INQUIRIES OR RESEARCH TO SUBSTANTIATE THE ALTERATION. WHY NOT DO THE SAME IN PUBLIC RELATIONS? PLANNING AND COMMUNICATING WITHOUT BACKGROUND INFORMATION IS COURTING FOLLY AND A WASTE OF MONEY. THE INFORMATION THE HOSPITAL BELIEVES ITS PUBLICS SHOULD HAVE MAY DIFFER MARKEDLY FROM THE INFORMATION THE PUBLICS NEED OR USE TO FORMULATE OPINIONS.

IF YOU ARE INTERESTED IN HOW YOUR ORGANIZATION IS PERCEIVED BY THESE GROUPS, THAT MIGHT BE TERMED IMAGE RESEARCH.

IN MANY CASES IT IS RESEARCH INTO THE IMAGE COMPONENTRY OF A NEW CLIENT. I AM SURE THIS TYPE OF APPROACH IS FAMILIAR TO ALL OF YOU, BUT WE OFTEN SUGGEST TO NEW CLIENTS THAT AN ORGANIZATION MAY HAVE FIVE IMAGE OR REPUTATION POTENTIALS:

THE IMAGE THE MANAGEMENT THINKS THE ORGANIZATION HAS
THE IMAGE OTHER PEOPLE HAVE OF THE ENTITY
THE IMAGE THE MANAGEMENT WANTS
THE IMAGE THE ORGANIZATION SHOULD HAVE
THE IMAGE THAT IS OBTAINABLE — (REPEAT KEY WORDS)

WE FREQUENTLY SURVEY COMPANY EXECUTIVES AND HAVE FOUND THEY ARE OFTEN QUITE CRITICAL ABOUT THEIR OWN COMPANY. POSSIBLY BECAUSE THEY KNOW MORE ABOUT ITS FAULTS THAN DO OUTSIDERS. SOME EXECUTIVES BECOME DESENSITIZED THROUGH ROUTINE OR FAMILIARITY. (SPLINTERS FROM PHONE BOOTH SEAT.)

SEVERAL PITFALLS LURK IN SURVEYS. WE NEED SUBSTANCE WITH EXTENSIVE FACTS, COMPLETE EVALUATION, AND A PROPER CONTEXT. AT H&K, WE RELY HEAVILY ON <u>QUALITATIVE RESEARCH</u>, PROBES THAT GO TO EXPLANATIONS OF <u>WHY</u> PEOPLE FEEL THE WAY THEY DO, NOT JUST DESCRIPTIVE DATA ON <u>HOW</u> AND <u>WHAT</u> PEOPLE FEEL. THIS MAY BE THE FIRST TIME A COMPANY HAS FOCUSED ON HOW IT IS POSITIONED AGAINST ITS COMPETITION, OR VERBALIZED THE FACT THAT A SOLID COMMUNICATION REACHING A JOBBER

IS MORE VALUABLE THAN A HUNDRED SALES CALLS AT THE RETAIL LEVEL. (CITE PHARMACEUTICAL COMPANY SURVEYS--EXECUTIVES, DOCTORS AND HOUSEWIVES--COMPANY NAME VS. ETHICAL SUBSIDIARY NAME, PRODUCTS BOTH PROPRIETARY AND ETHICAL--DOCTORS BOUGHT COMPANY STOCK, BUT MAY NOT LIKE COMPANY NAME--RATIONAL AND IRRATIONAL WORLDS SPLIT ALONG LINES OF PROFESSIONAL VS. PERSONAL INTERESTS.)

WE FIND THAT A PROMISE OF ANONYMITY AND THE INVITATION TO TALK FREELY, YIELDS SOME ASTONISHING RESULTS--VERY OFTEN SHARPLY DIFFERENT FROM WHAT PUBLIC RELATIONS MANAGERS MAY BELIEVE TO BE THE CASE. IN ONE INSTANCE, A COMPANY WAS PLANNING A NEW BRAND INTRODUCTION--AND THE KEY JOBBERS WERE INTERVIEWED AT OUR SUGGESTION. THE SURVEY SAVED THAT COMPANY MILLIONS OF DOLLARS. THE NAME AND GRAPHICS WOULD HAVE BEEN ENTIRELY WRONG. TODAY THE COMPANY HAS A SUCCESSFUL PRODUCT, BRAND NAME AND PACKAGE GRAPHICS.

THERE ARE SEVERAL VARIETIES OF RESEARCH AVAILABLE. <u>CUSTOM RESEARCH</u>, THE MOST EXPENSIVE, INCLUDES ONLY THE QUESTIONS THE CLIENT WANTS ANSWERED AND THE SAMPLE THE CLIENT IS INTERESTED IN KNOWING MORE ABOUT.

<u>SHARED-COST RESEARCH</u> LIMITS THE CLIENT IN RESPECT TO WHO IS SURVEYED, WHAT IS ASKED, WHEN THE FIELD WORK IS DONE--AND YOU MIGHT

BE SHARING YOUR RESEARCH DATA WITH COMPETITORS.

THERE ARE ALSO SHIRT-TAIL OR PIGGY-BACK STUDIES WHICH ALLOW YOU TO TACK ON YOUR QUESTIONS IN NATIONAL SURVEYS, AND YOU ARE CHARGED ONLY FOR THE NUMBER OF QUESTIONS YOU ASK. ONE RECENT PIGGY-BACK SURVEY INVOLVED ENERGY. THESE STUDIES ARE QUITE VALUABLE IN GETTING QUICK ANSWERS TO SOME BASIC QUESTIONS. GENERALLY, THERE IS NO EVALUATION OR ANALYSIS, ONLY A TABULATION GIVING THE DISTRIBUTION OF REPLIES IN PERCENTAGES.

QUICK-TAB OR HOT-LINE SURVEYS ARE GROWING IN POPULARITY. A SMALL NUMBER OF TELEPHONE CALLS--200 TO 300-- GIVE RESULTS QUICKLY. ON MAY 9, CBS TV IN CHICAGO ASKED VIEWERS SOME MEDICAL QUESTIONS IN ITS TV NEWS POLL. 69 PER CENT SAID DOCTORS CHARGE TOO MUCH, MOST WERE SATISFIED WITH THEIR PRESENT DOCTORS, AND NOBODY THOUGHT THEIR DOCTORS CHARGE TOO LITTLE. IT WOULD SEEM TO BE AN AREA FOR FURTHER RESEARCH.

WE FREQUENTLY CONDUCT SECONDARY RESEARCH OF EXISTING SURVEYS. ONE CLIENT WANTED TO KNOW ABOUT CURRENT ATTITUDES OF COLLEGE STUDENTS TOWARDS BUSINESS AND GOVERNMENT. IT WOULD HAVE BEEN A WASTE OF TIME. A LITERATURE SEARCH IDENTIFIED 49 DIFFERENT STUDIES THAT HAD BEEN DONE IN THE PAST FIVE YEARS. SECONDARY ANALYSIS, A "SURVEY

OF SURVEYS," COST ABOUT ONE-FIFTH OF WHAT ORIGINAL RESEARCH WOULD HAVE ENTAILED.

IN ORDER TO TRACK EFFECTIVENESS OF PROGRAMS, WE SUGGEST YOU CAN DO FOLLOW-UP RESEARCH AFTER THE PUBLIC RELATIONS PROGRAM HAS BEEN LAUNCHED FOR SIX MONTHS OR A YEAR. IF YOU REPEAT QUESTIONS ASKED IN THE FIRST GO-AROUND, YOU'LL GET SOME IDEA OF THE IMPACT YOU ARE HAVING.

IN SOME INSTANCES, AUDITS DO NOT REQUIRE SURVEYS. WE HAVE RECOMMENDED THAT OUR TALKING WITH REPRESENTATIVE SAMPLINGS OF PUBLICS WILL SUFFICE TO OBTAIN A MEASURE OF OPINIONS.

AFTER A SURVEY IS COMPLETED, WE ENTER INTO ANALYSIS OF ALL OF THE MATERIALS WE HAVE GATHERED. WE THEN PREPARE A LISTING OF WHAT WE BELIEVE IS NEEDED. IT MAY BE PROJECT- OR PROGRAM-ORIENTED, DEPENDING UPON PRIORITIES. (CITE EMPLOYEE ATTITUDE SURVEY. QUESTIONS, ANSWERS AND ACTION SHEETS POSTED. WITHIN TWO YEARS TURNED AROUND ADVERSE LABOR UNION THREAT.) (COMMUNITY RELATIONS COUNCILS.)

THE AUDIT REPORT STATES THE PURPOSE AND METHODOLOGY OF THE AUDIT AND COVERS ALL OF THE FUNCTIONS AND KEY POINTS. IT MAY REQUIRE A CRITIQUE OF PAST PERFORMANCE AND RECOMMENDED SOLUTIONS.

INDICATE A FILM WOULD BE ADVANTAGEOUS, SUGGEST TRAINING AND INDOCTRINATION OF A CLIENT'S STAFF, OR POINT OUT THAT A SPEAKERS BUREAU WOULD BE VALUABLE. IT CLEARLY SETS FORTH SCHEDULES, TASKS AND BUDGETS. WE ALSO ESTABLISH A SERIES OF PERODIC CHECKS AND UPDATES FOR REVIEWS, AND MAY RECOMMEND A RE-AUDIT DOWN THE ROAD AS WARRANTED.

IT IS ADVISABLE TO RE-EVALUATE SUCH FACTORS AS IMAGE COMPONENTS AND PUBLICS EACH YEAR OR SO. COMPANIES, PRODUCTS, SERVICES AND MANAGEMENTS CHANGE. WE HAVE ONE CLIENT THAT WAS HIGHLY FRAGMENTED ALONG 14 DIFFERENT, YET ANALOGOUS PRODUCT LINES. THROUGH RESEARCH, WE WINNOWED OUT FOUR MAJOR AREAS TO EMPHASIZE, AND OUR SURVEYS CONVINCED THE CLIENT HIS COMPANY'S IMAGE WAS BLURRED. THOSE FOUR AREAS ARE NOW IDENTIFIED AS DIVISIONS OF THAT COMPANY, AND SUBSEQUENT SURVEYS SHOWED THE CLIENT'S BUSINESS WAS MORE READILY UNDERSTOOD BY ITS PUBLICS. WE USED SPECIAL SYMBOLS TO DELINEATE THE MARKET EMPHASIS. RECENTLY WE DETERMINDED THAT ACQUISTIONS HAD ALTERED THE SITUATION, WE REEXAMINED THE IMAGE FACTORS, AND NOW EMPHASIZE TWO MAJOR LINES OF BUSINESS.

WE CALL IN ANYONE OF 500 HILL AND KNOWLTON STAFF MEMBERS TO WORK ON THE AUDIT, SERVICE, OR PROCEDURAL ASPECTS. OUR TALENT

INVENTORY LISTING AT H&K IS COMPUTERIZED AND DETAILS 47 PAGES OF EACH INDIVIDUAL'S BACKGROUND, INTERESTS AND ABILITIES./THE AUDIT TIME FRAME MAY TAKE ANYWHERE FROM TWO MONTHS TO A YEAR./WE RECENTLY MADE ESTIMATES RANGING FROM $7500 TO $12,000 FOR INSTITUTIONAL AUDITS.

WITHOUT CASTING ASPERSIONS ON PUBLIC ACCOUNTANTS, I'D LIKE TO RELATE THE STORY ABOUT THE COMPANY THAT INTERVIEWED AUDITING FIRMS AND ONLY ASKED ONE QUESTION. IT WAS: "WHAT IS TWO PLUS TWO?" THE RESPONSE FROM THE LOSERS WAS: "FOUR." THE FIRM RETAINED REPLIED: "WHAT FIGURE DID YOU HAVE IN MIND?" (TOO CYNICAL)

THE AMOUNT OF WORK THAT IS TO BE DONE CAN BE ESTIMATED, AND (DO PORTIONS-ELEPHANT-ADJUST FOR PRIORITIES) VARIATIONS FROM THE BUDGET SHOULD BE CLEARED IN ADVANCE. OUTSIDE RESEARCH SERVICES AND OUT-OF-POCKET EXPENSES SHOULD BE SUBSTANTIATED. AT THE END OF AN AUDIT, YOU SHOULD KNOW WHO YOU WANT TO COMMUNICATE WITH AND WHAT YOU WANT TO SAY TO THEM.

NOW LET'S TURN TO REPORTING TO CLIENTS--SOME OF THE EVALUATIVE AND OTHER TECHNIQUES WERE DELINEATED UNDER THE AUDITING PROCEDURES.

THROUGH A SERIES OF MEETINGS, WE BECOME CLOSELY INVOLVED AND IDENTIFIED WITH THE CLIENTS BASIC BUSINESS. THESE MEETINGS MAY BE ESTABLISHED ON A MONTHLY OR QUARTERLY BASIS AND INCLUDE FORMAL REVIEWS

AND PLANNING SESSIONS WITH SENIOR OFFICERS, DIVISIONAL MANAGERS AND PUBLIC RELATIONS LIAISON. (CLIENT EVALUATION OF OUR SERVICES.) (LESS FREQUENT MEETINGS WITH SMALLER CLIENTS--3 TYPES OF CONTROLS--ORAL, WRITTEN, PHYSICAL.) EACH MEETING IS DETAILED IN A MEMO THAT IS DISTRIBUTED AT VARIOUS LEVELS. WE USUALLY MEET AT LEAST ONCE A WEEK OR EVERY TWO WEEKS WITH THE PUBLIC RELATIONS LIAISON, (E. G. CORPORATE, FINANCIAL, 4 DIVISIONS, 5 SUBSIDIARIES).

ONE OF OUR CLIENTS HAS SAID, "DON'T WRITE WHAT I SAID, WRITE WHAT I MEAN," AND THAT CAN BE AN INTERESTING SITUATION TO HANDLE. SOMETIMES HE DOESN'T KNOW WHAT HE MEANS, AND WE GUIDE HIM IN ATTAINING THE BEST MEANING.

IT'S OFTEN A MATTER INTERPRETATION. TAKE THE GREEK RESTAURANT OWNER IN MONTREAL WHO HAD HIS OWN BOOKKEEPING SYSTEM. HE KEPT HIS ACCOUNTS PAYABLE IN A CIGAR BOX ON THE LEFT-HAND SIDE OF HIS CASH REGISTER, AND HIS RECEIPTS FOR PAID BILLS IN ANOTHER CIGAR BOX ON THE RIGHT, AND HIS DAILY CASH RETURNS IN THE CASH REGISTER. WHEN HIS YOUNGEST SON GRADUATED AS AN ACCOUNTANT, HE WAS APPALLED BY HIS FATHER'S PRIMITIVE METHODS. "I DON'T KNOW HOW YOU CAN RUN YOUR BUSINESS THAT WAY," HE SAID. "HOW DO YOU KNOW WHAT YOUR PROFITS ARE?

"WELL, SON," THE FATHER REPLIED, "WHEN I GOT OFF THE BOAT FROM

GREECE, I HAD NOTHING BUT THE PANTS I WAS WEARING; TODAY, YOUR BROTHER IS A DOCTOR. YOU ARE AN ACCOUNTANT. YOUR SISTER IS A SPEECH THERAPIST. YOUR MOTHER AND I HAVE A NICE CAR, A CITY HOUSE, AND BIG COUNTRY HOME. WE HAVE A GOOD BUSINESS, AND EVERYTHING IS PAID FOR. SO, YOU ADD ALL THAT TOGETHER, SUBTRACT THE PANTS, AND THERE'S YOUR PROFIT."

IN OUR FIRM, REPORTING IS ALWAYS CONDUCTED AGAINST OBJECTIVES AND GOALS THAT HAVE BEEN AGREED UPON WITH THE CLIENT. THE STYLE OR MANNER OF REPORTING MAY VARY ACCORDING TO CLIENT NEEDS. AS AN ACCOUNT SUPERVISOR, I MEET AT LEAST QUARTERLY WITH CLIENT COMMITTEES TO REVIEW ACTIVITIES AND BUDGETS, DISCUSS OBJECTIVES, PRIORITIES, STRATEGIES, AND SET NEW GOALS. MY ACCOUNT TEAM CONDUCTS RESEARCH, SETS TACTICS AND DRAWS SCHEDULES ALL WITH APPROPRIATE CLIENT PARTICIPATION. PROGRAMS, PLANS, AND BUDGETS ARE DRAFTED--USUALLY ANNUALLY--UNLESS A SPECIAL CIRCUMSTANCE DEMANDS IMMEDIATE ATTENTION. WE ALWAYS REQUEST A 15 PERCENT MISCELLANEOUS BUDGET CATEGORY TO ACCOMMODATE TARGETS OF OPPORTUNITY THAT WON'T DISLOCATE PROGRAMS.

MEETING REPORTS ARE FILED WITH THE CLIENT AND WITH ME AFTER EVERY WORK SESSION. ACTIVITY REPORTS ARE FILED MONTHLY AND THESE

ARE REVIEWED BY OUR TOP MANAGEMENT COMMITTEE MEMBERS AND ALSO AT QUARTERLY CLIENT REVIEW MEETINGS INSIDE OUR FIRM.

WE HAVE ISSUED QUARTERLY REPORTS OF SERVICES TO CLIENTS TO UNDERSCORE WHAT WE ARE DOING--IT PRESENTS AN ACTIVITIES REVIEW, EXHIBITS, OBJECTIVES FOR THE NEXT QUARTER AND THE PLANNING BOARD RECOMMENDATIONS. IT TAKES ABOUT 20 TO 28 STAFF HOURS TO PRODUCE THE DOCUMENT, BUT IT IS WORTH IT. THE REPORT KEEPS THE ACCOUNT PEOPLE AND THE CLIENT ON TRACK, SPURS FEEDBACK FROM THE CLIENT, AND BASICALLY ANSWERS THE CLIENT'S QUESTION: "WHAT AM I PAYING FOR?"

WE CLOSELY CHECK STANDARD COSTS AND VARIANCES AGAINST HISTORIC PATTERNS. THIS IS DONE TO ADJUST COSTS--UP OR DOWN--AND TO AVOID SURPRISING THE CLIENT WITH A REQUEST FOR AN APPROPRIATION OR THE NECESSITY OF CUTTING A PORTION OF THE PROGRAM BECAUSE OF A COST OVERRUN. INFLATION IS DEVASTATING--ESPECIALLY WHEN ESTIMATES MADE IN OCTOBER OF 1976, MAY APPLY TO A PROJECT IN DECEMBER OF 1977--SOME 15 MONTHS OUT IN THE DISTANT FUTURE.

LADIES AND GENTLEMEN, THERE ARE HAZARDS IN ANY BUSINESS, PARTICULARLY IN MAKING ESTIMATES ABOUT THE FUTURE. WE TRY TO REMAIN FUTURE-ORIENTED IN OUR ACTIVITIES, ALLOWING FOR GROWTH AND CHANGES AND PAYING HEED TO THE TRENDS IN OUR CLIENT'S AFFAIRS. VERY OFTEN, THIS REQUIRES ANTICIPATING, SORTING OUT, AND ESTABLISHING THE DIFFERENTIALS BETWEEN THE VARIOUS NEEDS AND WANTS OF THE CLIENT. THE CLIENT KNOWS WHAT HE WANTS, BUT MAY NOT KNOW WHAT HE NEEDS.

TODAY, THE HOSPITAL FIELD IS FACED WITH WHAT APPEARS TO BE AN ANTAGONISTIC PUBLIC. CONSUMERS ARE UPSET OVER INFLATION IN PRICES. THEY ARE DISENCHANTED WITH THE QUALITY OF LIFE, AND POSE QUESTIONS TO DOCTORS, CLERGYMEN, AND INSTITUTIONS LIKE YOUR OWN ABOUT THE RIGHT TO LIFE AND THE RIGHT TO DEATH. THESE ARE FORMIDABLE CHALLENGES. WE, AS INDIVIDUAL PRACTITIONERS, CANNOT MEET ALL OF THEM THROUGH OUR SOLITARY EFFORTS. BUT I AM EQUALLY SURE THAT WE CAN MEET MANY OF THOSE CHALLENGES IF WE UNDERSTAND THE REAL NEEDS OF OUR PUBLICS AND DILIGENTLY WORK TO COMMUNICATE MEANINGFULLY WITH THEM. PURPOSEFUL ACTION IS NEEDED. SURELY, NOTHING WILL BE ACCOMPLISHED WITH SILENCE.